THE INFLUENCE OF FLEXIBLE WORKING ARRANGEMENTS AND EMOTIONAL INTELLIGENCE ON WORK-LIFE BALANCE IN GENERATION Z WITH DIGITAL LITERACY AS A MEDIATING VARIABLE

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Abstract

This study examines the influence of flexible working arrangements (FWA) and emotional intelligence (EI) on work-life balance (WLB) among Generation Z employees in Bali's hospitality sector, with digital literacy (DL) as a mediating variable. Using a quantitative causal design, data were collected from 360 respondents through structured questionnaires and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that FWA and EI each have a positive and significant direct effect on both WLB and digital literacy. Digital literacy is also confirmed to positively and significantly influence WLB. Furthermore, digital literacy significantly mediates the relationship between FWA and WLB, as well as between EI and WLB. These findings suggest that work flexibility and emotional competence not only directly enhance employees' life balance but also indirectly do so by strengthening their digital capabilities. Hospitality organizations in Bali are therefore encouraged to integrate flexible work policies with structured digital literacy and emotional intelligence development programs as a comprehensive strategy to improve the well-being and productivity of Generation Z workers.

Keywords: Flexible Working Arrangement, Emotional Intelligence, Work-Life Balance, Digital Literacy, Generation Z, Hospitality Sector

INTRODUCTION

Work-life balance (WLB) has become one of the most critical issues in modern human resource management. WLB refers to an individual's ability to allocate time, energy, and attention proportionally between work and personal life so that both can operate harmoniously (Ferdous et al., 2021). In practice, WLB contributes to improvements in psychological well-being, job satisfaction, productivity, and employee loyalty, while reducing the risks of stress, burnout, and turnover intention.

The post-COVID-19 pandemic has accelerated the adoption of Flexible Working Arrangements (FWA), including remote work, hybrid systems, and compressed work weeks (Lazar et al., 2023). The development of digitalisation has also encouraged the increasingly widespread use of technology and digital media in various organisational activities and workplace communication, including in the tourism and hospitality sectors (Subawa et al., 2021; Widhiasthini et al., 2022). Although flexibility offers employees greater opportunities to achieve better WLB, it simultaneously blurs the boundaries between professional and personal space, demanding stronger self-management capabilities through Emotional Intelligence (EI) and adequate Digital Literacy (DL).

EI reflects an individual's ability to recognize, understand, and manage both their own emotions and those of others (Goleman, 1998). In dynamic work environments, EI plays a pivotal role in helping individuals cope with pressure, resolve interpersonal conflicts, and maintain productivity. Recent research affirms that EI serves as an important determinant of WLB achievement (Babu & Sahayam, 2024). Beyond EI, digital literacy extends beyond technical proficiency in using devices; it also encompasses critical thinking toward digital information, awareness of digital ethics and security, and the capacity to collaborate within technology-based ecosystems (Wahjusaputri & Nastiti, 2022).

Generation Z, defined as those born between 1997 and 2012, is now dominating the global labor market, including in Indonesia. This generation is known for characteristics that are highly connected to digital technology, actively using social media, and integrating technology as an essential part of daily activities (Subawa et al., 2020). In addition, Generation Z prioritises work flexibility, work-life balance, and technology integration in the workplace (Dimock, 2019; Hafidz, 2022).The Deloitte Global Survey (2022, 2023) revealed that more than 60% of Gen Z identify workplace flexibility as their primary employment priority. Nevertheless, they also report relatively high levels of stress and burnout compared to other generations, particularly concerning mental health and work-life balance. Furthermore, Hafidz (2022) reported from the Talentics Insight analysis that Generation Z exhibits lower emotional stability compared to other generations, with an average score of only 52, significantly below Generation X (70) and Millennials (66). The Katadata Insight Center (KIC) in collaboration with the Ministry of Communication and Information Technology (Kominfo, 2021) further showed that 60% of Gen Z in Indonesia possess a high digital literacy index, yet not all have optimally leveraged it to support life balance.

In Bali, the hospitality sector plays a significant role in the regional economy. The accommodation and food service sector contributed 22.08% to Bali's Gross Regional Domestic Product (GRDP) in the third quarter of 2024, rising notably from 13.84% in 2022 (Badan Pusat Statistik Provinsi, 2024), supported by more than 3,500 hotels and engaging over 2.6 million workers (Badan Pusat Statistik Kota Denpasar, 2023). The Gen Z population

in Bali is estimated at 26.10% of the total population, or approximately 1.13 million individuals, the majority of whom have entered productive age. Preliminary observations with five Generation Z workers across front office, housekeeping, food and beverage service, and operational management divisions revealed that shift-based schedules, high service demands, limited leave entitlements, and cross-generational differences in work styles constitute significant barriers to WLB achievement. These challenges are further compounded by limited digital training availability within the sector and Indonesian labor regulations that have not fully accommodated FWA practices in labor-intensive service industries.

Prior studies have examined the influence of FWA, EI, and DL on WLB, yet empirical results remain inconsistent. Regarding FWA, Ferdous et al. (2021) found a significant positive effect on WLB ($\beta = 0.23$; $p < 0.001$), supported by William & Singh (2024) who reported a similar positive relationship ($\beta = 0.057$; $t = 3.677$; $p < 0.05$). Conversely, Ramadhanty & Emilisa (2023) found that working from home exerts a significant negative effect on WLB ($\beta = –0.065$; $p = 0.022$), attributing this to role overlap that intensifies fatigue and role conflict. Regarding EI, Babu & Sahayam (2024) found that low EI contributed to 22% of respondents reporting difficulty maintaining work-life balance, while Nurjanah & Indawati (2021) demonstrated a significant positive effect of EI on WLB ($t = 23.097$; $p = 0.000$). In contrast, Nugraha & Adiati (2022) reported no significant relationship between EI and WLB ($r = 0.184$; $p = 0.053$) in high-pressure environments. Regarding DL, Garini & Muafi (2023) found that digital competence positively influences WLB, and Pazer (2024) demonstrated that flexible work environments can enhance digital literacy among young workers, implicitly strengthening their capacity to manage work-life balance.

Despite these contributions, no study has explicitly positioned digital literacy as a mediating variable in the FWA–EI–WLB relationship, particularly within the hospitality sector, which is characterized by shift-based, service-intensive, and physically demanding work conditions. Most prior studies were conducted in educational, startup, manufacturing, or non-profit settings, leaving hospitality as a largely underexplored context.

This study presents novelty through the integration of a model that simultaneously examines the influence of FWA and EI on WLB, with DL as a mediating variable within a single conceptual model using a PLS-SEM analytical approach. Theoretically, this study enriches boundary theory and emotional intelligence theory by examining their interrelationships within a service-intensive industry. Practically, the findings are expected to serve as a foundation for evidence-based human resource management strategies, including the design of flexible work arrangements, the strengthening of emotional intelligence, and the enhancement of digital literacy among young hospitality workers in Bali.

REVIEW OF LITERATURE

In the development of studies on work-life balance, flexible working arrangements, emotional intelligence, and digital literacy, various scholars have explored the complexity of these interrelated concepts, particularly in the context of Generation Z in the modern workplace. The acceleration of digital transformation and post-pandemic shifts in work

patterns have created the need for a deeper understanding of how these factors collectively shape employees' capacity to achieve balance between professional and personal life.

Boundary Theory

Boundary theory was developed by Ashforth, Kreiner, and Fugate (2000) to explain how individuals manage boundaries between work and personal life domains. When individuals hold multiple roles, the dominance of one role can interfere with another. Alfani (2022) elaborates that the key concepts within this theory are permeability and flexibility, where permeability refers to how easily boundaries between life domains can be crossed, and flexibility refers to the extent to which those boundaries can be modified. In the context of work-life dynamics, this theory helps explain how individuals allocate time, attention, and energy between work and personal life, and how the nature of those boundaries affects overall well-being (Larasati et al., 2022). This theory provides a strong conceptual basis for understanding how FWA, EI, and digital literacy interact with work-personal boundaries to influence WLB among Generation Z.

Work-Life Balance

Ferdous et al. (2021) describe work-life balance as the effort to achieve harmony between work responsibilities and needs outside of work, such as family, health, and personal interests. Ramadhanty and Emilisa (2023) explain that WLB represents a harmonious experience between family and professional life. William and Singh (2024) further affirm that WLB is a condition in which individuals maintain equilibrium between work demands and personal life, supported through organizational policies and flexible work programs. Ferdous et al. (2021) also assert that organizational support for WLB contributes to a healthier work environment while enhancing employee productivity. WLB is measured using the Work-Life Balance Scale developed by Fisher et al. (2009), enriched by indicators from Greenhaus et al. (2003), encompassing work interference with personal life (WIPL), personal life interference with work (PLIW), work enhancement of personal life (WEPL), personal life enhancement of work (PLEW), time balance, and satisfaction balance.

Flexible Working Arrangement

Flexible Working Arrangement (FWA) refers to work practices that grant employees greater control over where, when, and how work is performed (Ferdous et al., 2021). William and Singh (2024) affirm that FWA reduces work-personal life conflict while enhancing employee well-being and organizational productivity. Vyas (2022) further explains that despite certain challenges such as the blurring of work-time boundaries, flexibility remains an important factor in shaping work-life balance in the post-pandemic era. FWA is measured using indicators developed by Carlson et al. (2010) and Putri et al. (2021), supplemented by Brega et al. (2023) and Civilidağ and Durmaz (2024), covering timing flexibility, schedule flexibility, place flexibility, availability, accessibility, and compressed work week.

Emotional Intelligence

Emotional Intelligence (EI) is defined as the ability to recognize, understand, manage, and regulate emotions, both one's own and those of others, with the aim of motivating oneself and others toward the achievement of specific goals (Kf and G, 2023). Hergüner (2017) notes that higher EI is associated with the ability to cope with challenges and stress more effectively and to improve interpersonal relationships. Absah et al. (2020) affirm that EI encompasses competencies such as motivation, empathy, self-awareness, and self-regulation, which play an important role in building strong relationships within organizational contexts. EI is

measured using five components based on Goleman's (1998) theory, as applied by Kf and G (2023) and Nadaraja and Harshani (2023), comprising self-awareness, self-regulation, self-motivation, empathy, and social skills, supplemented by the wellbeing dimension adapted from the Trait Emotional Intelligence Questionnaire-Short Form (TEIQue-SF) developed by Petrides and Furnham (2001), as elaborated by Audrin and Audrin (2023).

Digital Literacy

Digital literacy refers to the ability to use information and communication technology effectively, encompassing the use of hardware, software, and the ability to evaluate and utilize information found online (Alpian et al., 2022). Wahjusaputri and Nastiti (2022) define digital literacy as encompassing operational skills, critical thinking, collaboration, and awareness of digital ethics and security. Kf and G (2023) further describe it as a set of abilities that enable individuals to function effectively in increasingly technology-dominated environments. In the workplace context, digital literacy supports work effectiveness, collaboration, and individual adaptability to technological developments. DL is measured using indicators synthesized from Techataweewan and Prasertsin (2017) and Wahjusaputri and Nastiti (2022), covering operation skills, thinking skills, collaboration skills, awareness skills, information management skills, and communication skills..

RESEARCH METHOD

This study implements a quantitative approach with a causal research design, aiming to examine whether one variable causes changes in another (Sekaran and Bougie, 2017). Specifically, this study analyzes the influence of flexible working arrangement (X1) and emotional intelligence (X2) on work-life balance (Y), with digital literacy (Z) serving as a mediating variable, among Generation Z employees working in the hospitality sector in Bali Province.

The data analysis method employed is Structural Equation Modeling with a Partial Least Squares approach (PLS-SEM), using SmartPLS version 3.2.9 software. PLS-SEM is a multivariate analysis technique well suited for social research involving complex and exploratory structural models, particularly when the number of indicators is large, data distribution is non-normal, and sample size is relatively moderate (Hair et al., 2017). This technique simultaneously tests both direct and indirect relationships among latent variables within a single research model. The quantitative approach was selected because it is appropriate for measuring respondents' perceptions and behaviors systematically and objectively through closed-ended questionnaires assessed using a Likert scale, while also supporting broader generalization of findings (Creswell and Creswell, 2018).

Research Location

This study was conducted in Bali Province, one of Indonesia's primary economic centers, where the hospitality, restaurant, and tourism service sectors are the largest contributors to the Regional Gross Domestic Product (GRDP). Based on the Regional Government Performance Report (LKJIP) of Bali Province in 2022, the accommodation, food, and beverage sector contributed 18.43% to GRDP in the third quarter of that year (Badan Pusat Statistik Provinsi Bali, 2024). Bali was selected as the research location due to the high participation of Generation Z in its hospitality industry, which has a dynamic work environment characterized by flexible yet long working hours, technology-dependent

operations, and intensive customer interaction. These conditions make Bali a highly relevant case study for examining work-life balance among young workers across various positions, including front office, housekeeping, food and beverage service, and hotel management.

Population and Sampling Technique

The population of this study comprises Generation Z employees, defined as those born between 1997 and 2012, working in various divisions of the hospitality sector in Bali. The sampling technique used is non-probability sampling with a purposive sampling approach, which allows the researcher to selectively determine the sample based on theoretical and practical criteria relevant to the research objectives (Sekaran and Bougie, 2017). According to Hair et al. (2017), the minimum sample size in PLS-SEM analysis should follow the rule of 10 times the largest number of indicators in a construct or the most arrows pointing to a construct in the structural model, with an ideal ratio of 5:1 to 10:1 relative to the number of indicator items analyzed. Given that this study contains 72 questionnaire items, the ideal sample size ranges from 360 to 720 respondents. To maintain the stability of parameter estimation, enhance validity, and strengthen the generalizability of findings, the sample size was set at 360 respondents, which corresponds to a ratio of approximately 5:1 and remains within the methodologically recommended threshold.

Data Collection

This study uses two types of data: primary data and secondary data. Primary data were collected directly from Generation Z workers in Bali's hospitality industry through a structured questionnaire measuring four research variables: work-life balance (WLB), flexible working arrangement (FWA), emotional intelligence (EI), and digital literacy (DL). The questionnaire was distributed online via Google Form to increase respondent participation and ensure representation across various hotel divisions. Secondary data were obtained from trusted sources including Badan Pusat Statistik (BPS) and the Bali Provincial Manpower Office, as well as national labor regulations and academic publications, to support the analytical context and theoretical framework.

Research Instrument

The research instrument consists of a questionnaire structured based on indicators from each research variable, measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), as recommended by Sugiyono (2024). The variables and their respective measurement instruments are as follows.

Work-life balance (Y) is measured using the Work-Life Balance Scale developed by Fisher et al. (2009), comprising four main indicators: work interference with personal life (WIPL), personal life interference with work (PLIW), work enhancement of personal life (WEPL), and personal life enhancement of work (PLEW). This is further enriched with two additional indicators adapted from Greenhaus et al. (2003), namely time balance and satisfaction balance, providing a total of six indicators.

Flexible working arrangement (X1) is measured using indicators developed by Carlson et al. (2010) and Putri et al. (2021), covering three main indicators: timing flexibility, schedule flexibility, and place flexibility. Three additional indicators are incorporated from Brega et al. (2023) and Civilidağ and Durmaz (2024), namely availability, accessibility, and compressed work week, resulting in a total of six indicators.

Emotional intelligence (X2) is measured based on five components of emotional intelligence developed by Goleman (1998), as applied in the research of Kf and G (2023) and

Nadaraja and Harshani (2023): self-awareness, self-regulation, self-motivation, empathy, and social skills. One additional indicator, wellbeing, is incorporated from the Trait Emotional Intelligence Questionnaire-Short Form (TEIQue-SF) developed by Petrides and Furnham (2001), as elaborated by Audrin and Audrin (2023), yielding a total of six indicators.

Digital literacy (Z) is measured based on a synthesis of indicators from Techataweewan and Prasertsin (2017) and Wahjusaputri and Nastiti (2022), comprising six indicators: operation skills, thinking skills, collaboration skills, awareness skills, information management skills, and communication skills.

Data Analysis Technique

Data analysis is conducted in two main stages: descriptive analysis and multivariate analysis using PLS-SEM.

Descriptive analysis is used to describe the tendency of respondents' assessments of each research variable based on their questionnaire responses (Sekaran and Bougie, 2017). The mean value of each indicator is interpreted using variable categorization criteria, classified into five interval categories ranging from very low to very high, based on class interval calculations with five classes (Sugiyono, 2024).

Multivariate analysis using PLS-SEM is conducted in two stages. The first stage is the evaluation of the outer model, which assesses instrument validity and reliability. Convergent validity is evaluated through outer loadings and Average Variance Extracted (AVE), where indicators should ideally have an outer loading of at least 0.70, while values between 0.50 and 0.60 remain acceptable in exploratory reflective models provided AVE meets the threshold of at least 0.50 (Ghozali, 2021; Hair et al., 2017). Discriminant validity is assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait Ratio (HTMT), where HTMT values should be below 0.90, or below 0.85 for conceptually proximate constructs (Hair et al., 2017). Reliability is evaluated using Cronbach's alpha, with a minimum threshold of 0.60 (Ghozali, 2021), and composite reliability, with a minimum threshold of 0.70, although values between 0.60 and 0.70 remain acceptable in certain contexts (Ghozali, 2021).

The second stage is the evaluation of the inner model, which tests the structural relationships among latent variables using a bootstrapping procedure. Direct effects are assessed through t-statistics and p-values from the path coefficient table, where a hypothesis is accepted if t-statistic exceeds 1.96 and p-value is below 0.05 (Ghozali, 2021). Indirect effects, used to test the mediating role of digital literacy, are evaluated through the specific indirect effects table, with the same significance criteria. The coefficient of determination (R2) is used to assess the model's explanatory power, where values of 0.75, 0.50, and 0.25 indicate strong, moderate, and weak models, respectively (Ghozali, 2021).

Research Hypothesis

Based on the literature review and theoretical framework, the hypotheses proposed in this study are as follows:

H1: Flexible working arrangement has a positive and significant effect on work-life balance among Generation Z.

H2: Flexible working arrangement has a positive and significant effect on digital literacy among Generation Z.

H3: Emotional intelligence has a positive and significant effect on work-life balance among Generation Z.
H4: Emotional intelligence has a positive and significant effect on digital literacy among Generation Z.
H5: Digital literacy has a positive and significant effect on work-life balance among Generation Z.
H6: Flexible working arrangement has a positive and significant effect on work-life balance among Generation Z through digital literacy.
H7: Emotional intelligence has a positive and significant effect on work-life balance among Generation Z through digital literacy.

Research Model

Based on the literature review regarding technology adoption in the hospitality context conducted by Ferdous et al. (2021), William and Singh (2024), Al-Haziazi and Hussainy (2022), Babu and Sahayam (2024), and Alpian et al. (2022), this study employs flexible working arrangement and emotional intelligence as predictors influencing digital literacy and work-life balance, both directly and as mediated by digital literacy. The conceptual framework is presented in Figure 1.

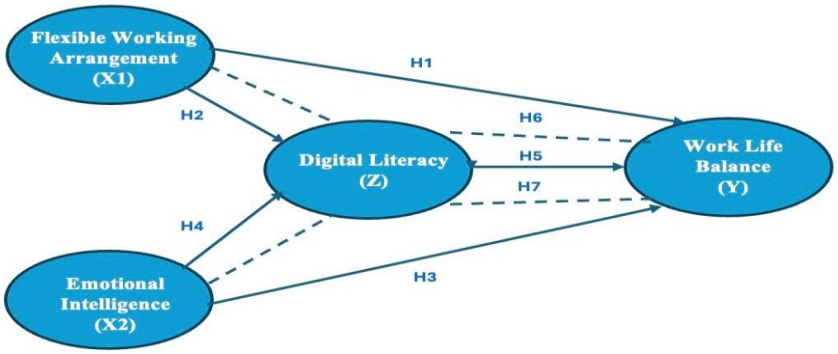

Figure 1.
Research Model

RESULTS AND DISCUSSION

Data Collection Process

Data were collected using an online questionnaire (Google Forms) designed to measure the perceptions of Generation Z employees in Bali's hospitality sector regarding flexible working arrangement, emotional intelligence, digital literacy, and work-life balance. The questionnaire used a five-point Likert scale (1 = strongly disagree to 5 = strongly agree). The study population comprised all Generation Z employees (born 1997–2012) working across various operational and administrative divisions in Bali's hospitality sector, including front office, housekeeping, food and beverage, kitchen, engineering, administration, and managerial functions. Purposive sampling was applied, with criteria requiring respondents to be Generation Z members, have worked at least six months in the hospitality industry, and voluntarily complete the questionnaire. From 440 total responses collected, a screening

process was conducted, and 360 responses were deemed eligible and used as the research sample, in accordance with PLS-SEM analytical requirements.

Respondent Characteristics

From 360 respondents, 185 (51%) were male and 175 (49%) were female, indicating a relatively balanced gender distribution. The largest proportion came from the Front Office division (76 respondents), followed by Housekeeping (54), Sales and Marketing (35), F&B Service (32), and Human Resources (32). Regarding work location, the majority were employed in Badung Regency (33%) and Denpasar City (32%), followed by Gianyar Regency (21%). In terms of length of employment, 46 respondents (13%) had worked less than one year, 165 (46%) between one and three years, and 149 (41%) more than three years.

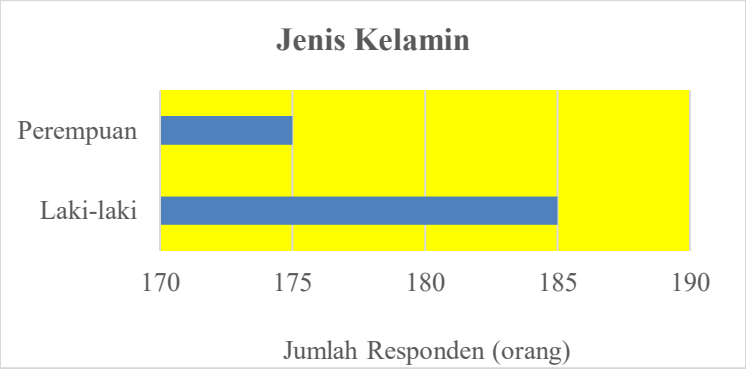

Figure 2.
Distribution of Respondents by Gender

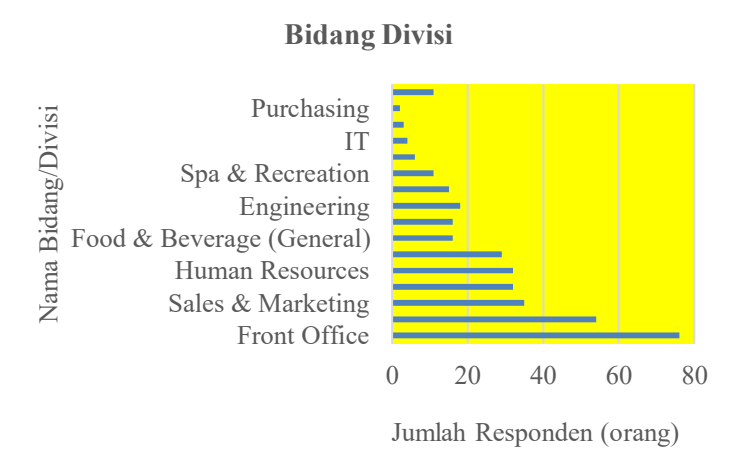

Figure 3.
Distribution of Respondents by Work Division

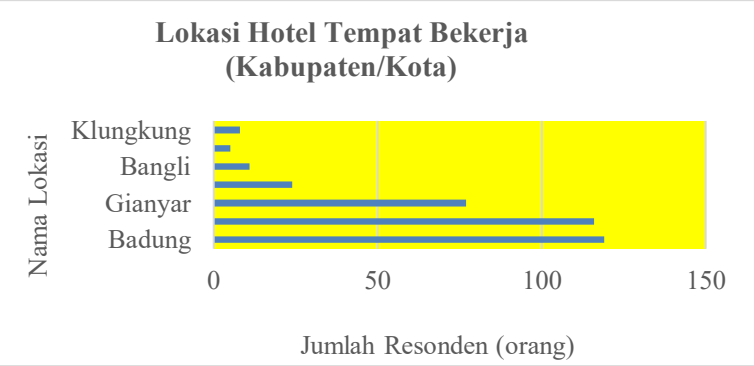

Figure 4.
Distribution of Respondents by Hotel Location

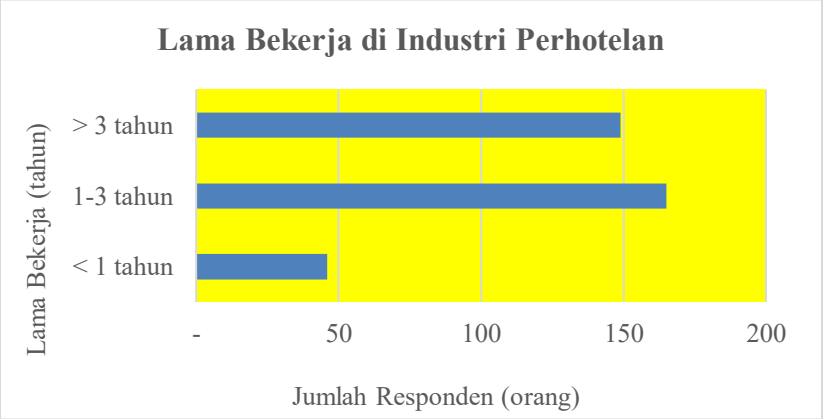

Figure 5.
Distribution of Respondents by Length of Employment

Descriptive Analysis

The descriptive analysis results for each variable are summarized as follows. The work-life balance variable shows an overall mean of 3.57 (high category). Indicators WLB1–WLB6, representing work interference with personal life (WIPL) and personal life interference with work (PLIW), fall in the moderate category, indicating that role conflict is still experienced by some respondents. Meanwhile, indicators WLB7–WLB18, covering work enhancement of personal life (WEPL), personal life enhancement of work (PLEW), time balance, and satisfaction balance, all fall in the high category, reflecting strong role enrichment and overall balance. The flexible working arrangement variable has an overall mean of 3.61 (high category), with all indicators across timing flexibility, schedule flexibility, place flexibility, availability, accessibility, and compressed work week consistently scoring high. The emotional intelligence variable has an overall mean of 3.78 (high category), with all dimensions including self-awareness, self-regulation, self-motivation, empathy, social skills, and wellbeing consistently scoring high, reflecting mature emotional intelligence among respondents. The digital literacy variable has an overall mean of 3.79 (high category), with all six dimensions including operation skills, thinking skills, collaboration skills, awareness skills, information management skills, and communication skills consistently scoring high.

Outer Model Analysis (Validity and Reliability)

Convergent Validity and AVE

In the first estimation, four indicators of the WLB variable, namely WLB2 (0.448), WLB3 (0.477), WLB5 (0.428), and WLB6 (0.471), showed outer loading values below 0.50. Following the evaluation principles of Hair et al. (2017), WLB2 and WLB5 were removed as their elimination most significantly improved the AVE value above the minimum threshold of 0.50 (Ghozali, 2021).

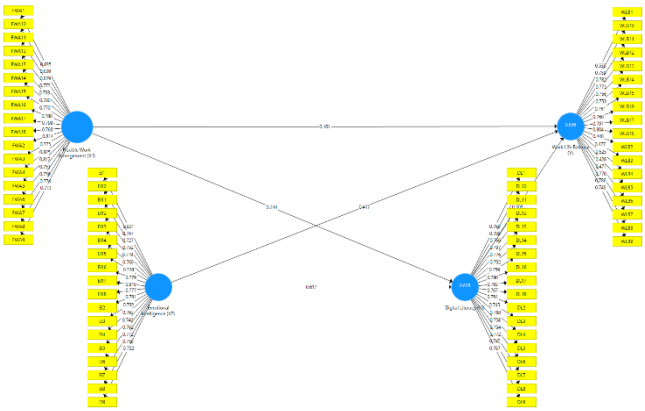

Figure 6.
Convergent Validity Results - First Estimation

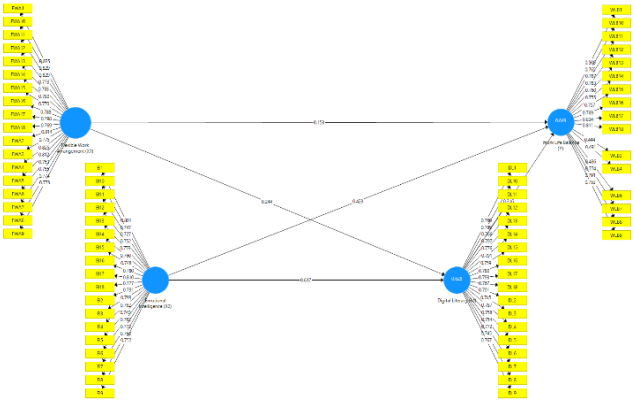

Figure 7.
Convergent Validity Results - Second Estimation

Table 1.
Final AVE Values

Variable	AVE
Digital Literacy	0.596
Emotional Intelligence	0.589
Flexible Work Arrangement	0.627
Work-Life Balance	0.506

All constructs meet the AVE threshold of at least 0.50 (Ghozali, 2021), confirming convergent validity.

Discriminant Validity

Table 2.
Heterotrait-Monotrait Ratio (HTMT)

	Digital Literacy	Emotional Intelligence	Flexible Work Arrangement	Work-Life Balance
Digital Literacy				
Emotional Intelligence	0.800			
Flexible Work Arrangement	0.647	0.643		
Work-Life Balance	0.743	0.773	0.629	

The Fornell-Larcker criterion shows that not all constructs fully meet the requirement, particularly Digital Literacy, Emotional Intelligence, and Work-Life Balance, which exhibit close proximity values. The HTMT analysis was therefore conducted as a more sensitive approach. All HTMT values are below the 0.90 threshold, with the highest value at 0.800 between Digital Literacy and Emotional Intelligence, confirming discriminant validity based on Hair et al. (2017).

Reliability

Table 3.
Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
Digital Literacy	0.960	0.964
Emotional Intelligence	0.959	0.963
Flexible Work Arrangement	0.965	0.968
Work-Life Balance	0.934	0.941

All constructs show Cronbach's Alpha values above 0.60 and Composite Reliability values above 0.70 (Ghozali, 2021), confirming that all instruments are highly reliable.

Inner Model Analysis

Direct Effects

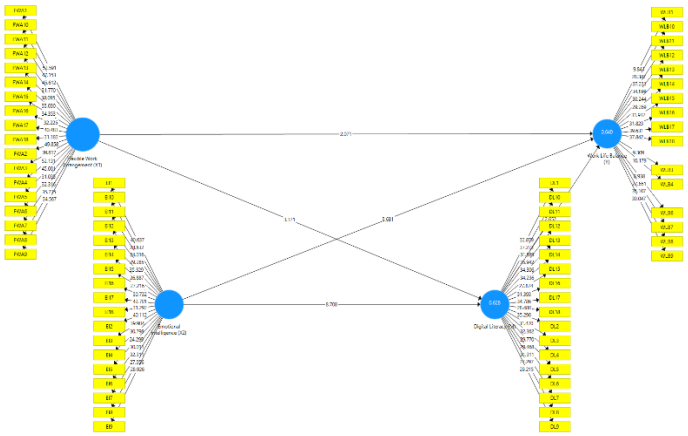

Figure 8.
PLS-Bootstrapping Results

Table 4.
Path Coefficient (Mean, STDEV, T-Values, P-Values)

Path	Original Sample	T-Statistics	P-Values
FWA -> WLB	0.153	2.071	0.039
FWA -> DL	0.244	3.371	0.001
EI -> WLB	0.423	3.681	0.000
EI -> DL	0.617	8.708	0.000
DL -> WLB	0.316	2.652	0.008

Based on Table 4. all five direct effect hypotheses are supported. H1 is accepted: FWA has a positive and significant effect on WLB (β = 0.153, t = 2.071, p = 0.039). H2 is accepted: FWA has a positive and significant effect on digital literacy (β = 0.244, t = 3.371, p = 0.001). H3 is accepted: EI has a positive and significant effect on WLB (β = 0.423, t = 3.681, p = 0.000). H4 is accepted: EI has a positive and significant effect on digital literacy (β = 0.617, t = 8.708, p = 0.000). H5 is accepted: digital literacy has a positive and significant effect on WLB (β = 0.316, t = 2.652, p = 0.008).

Indirect Effects

Table 5.

Specific Indirect Effects

Path	Original Sample	T-Statistics	P-Values
FWA -> DL -> WLB	0.077	2.003	0.046
EI -> DL -> WLB	0.195	2.618	0.009

H6 is accepted: FWA has a positive and significant indirect effect on WLB through digital literacy (β = 0.077, t = 2.003, p = 0.046). H7 is accepted: EI has a positive and significant indirect effect on WLB through digital literacy (β = 0.195, t = 2.618, p = 0.009).

Coefficient of Determination (R-Square)

Table 6.

R-Square Values

Variable	R-Square	R-Square Adjusted
Digital Literacy	0.628	0.626
Work-Life Balance	0.649	0.646

Digital literacy achieves an R-Square of 0.628, meaning that 62.8% of its variation is explained by FWA and EI, indicating a strong model. Work-life balance achieves an R-Square of 0.649, meaning that 64.9% of its variation is explained by FWA, EI, and digital literacy, also indicating a strong predictive model (Ghozali, 2021).

Effect of Flexible Working Arrangement on Work-Life Balance

H1 is accepted, confirming that FWA has a positive and significant effect on WLB among Generation Z employees in Bali's hospitality sector. The higher the level of work flexibility provided, the better employees perceive their work-life balance. This finding is theoretically consistent with Boundary Theory (Ashforth et al., 2000), which explains that FWA strengthens individuals' control over temporal and spatial boundaries, thereby reducing role conflict. These results align with Aziz-Ur-Rehman and Siddiqui (2020), Silalahi et al. (2021), Mughal and Rani (2024), Ferdous et al. (2021), and William and Singh (2024), who consistently found that work flexibility reduces role conflict and improves work-life balance.

Effect of Flexible Working Arrangement on Digital Literacy

H2 is accepted, confirming that FWA has a positive and significant effect on digital literacy. The higher the level of work flexibility, the higher employees' digital literacy. Flexible work conditions create greater opportunities for employees to interact with, explore, and utilize digital technology. This is theoretically supported by Boundary Theory (Ashforth et al., 2000), where increased boundary flexibility and permeability drive individuals to depend more heavily on digital tools for coordination and task completion. These findings are consistent with Lazar et al. (2023) and Pazer (2024), who reported that flexible work environments increase digital technology usage and ultimately enhance digital literacy.

Effect of Emotional Intelligence on Work-Life Balance

H3 is accepted, confirming that EI has a positive and significant effect on WLB. Employees with higher emotional intelligence are better able to manage stress, maintain motivation, and maintain stability across work and personal roles. This finding is consistent with Boundary Theory (Ashforth et al., 2000), where EI functions as an internal mechanism supporting effective role boundary management. These results align with Babu and Sahayam (2024), Al-Haziazi and Sadullah Hussainy (2022), and Nurjanah and Indawati (2021). In contrast, Nugraha and Adiati (2022) found no significant relationship between EI and WLB in startup

environments, a difference attributable to the higher role ambiguity and intensity in startups compared to the hospitality sector in this study.

Effect of Emotional Intelligence on Digital Literacy

H4 is accepted, confirming that EI has a strong positive and significant effect on digital literacy ($\beta = 0.617$, $t = 8.708$). Employees with higher emotional intelligence tend to be more adaptive to technological developments, better at managing digital stress, and more effective in utilizing digital resources. This finding is consistent with Alpian et al. (2022) and Ibrahim et al. (2024), who found EI to be a significant predictor of digital literacy. The result contrasts with Imjai et al. (2024), who found that digital connectivity reduces EI; however, this difference is attributable to context, as that study focused on excessive digital connectivity rather than digital literacy as a productive competency.

Effect of Digital Literacy on Work-Life Balance

H5 is accepted, confirming that digital literacy has a positive and significant effect on WLB. Employees with higher digital literacy are more efficient in managing tasks, reducing repetitive workloads, and gaining greater space for personal life management. This finding is consistent with Garini and Muafi (2023), who found that digital competence enhances work productivity and efficiency, thereby supporting work-life balance. From a Boundary Theory perspective (Ashforth et al., 2000), digital literacy helps individuals regulate boundary permeability by using technology strategically, such as separating work and personal applications, setting notifications, and completing tasks more quickly

Mediating Effect of Digital Literacy on FWA and Work-Life Balance

H6 is accepted, confirming that digital literacy significantly mediates the relationship between FWA and WLB ($\beta = 0.077$, $t = 2.003$, $p = 0.046$). Flexible working arrangements not only directly improve work-life balance but also indirectly enhance it through increased digital literacy. Employees working under flexible systems tend to be more actively engaged with digital technology to coordinate tasks, communicate with teams, and complete work independently, which gradually improves their digital competence and ultimately supports better work-life balance. These findings are empirically consistent with Lazar et al. (2023), Pazer (2024), and Garini and Muafi (2023).

Mediating Effect of Digital Literacy on EI and Work-Life Balance

H7 is accepted, confirming that digital literacy significantly mediates the relationship between EI and WLB ($\beta = 0.195$, $t = 2.618$, $p = 0.009$). Employees with high emotional intelligence are better able to utilize digital technology effectively as a tool to simplify tasks, reduce work pressure, and manage time more efficiently, which in turn contributes to better work-life balance. This finding is consistent with Alpian et al. (2022), Ibrahim et al. (2024), Nurjanah and Indawati (2021), and Babu and Sahayam (2024). From a Boundary Theory perspective (Ashforth et al., 2000), emotionally intelligent individuals can better control digital boundary permeability, using technology strategically to maintain clear distinctions between work and personal life roles.

CONCLUSION

Based on the research results, flexible working arrangement is proven to positively and significantly influence work-life balance among Generation Z employees in Bali's hospitality sector. The higher the level of work flexibility provided, the better employees are able to balance their professional and personal roles. Flexible working arrangement also positively and significantly influences digital literacy, as flexibility creates greater opportunities for employees to explore and utilize digital technology in completing their tasks. Emotional intelligence is proven to positively and significantly influence work-life balance, as the ability to regulate emotions, maintain empathy, and sustain self-awareness helps employees manage work pressure and preserve life balance. Emotional intelligence also positively and significantly influences digital literacy, as individuals with higher emotional intelligence tend to be more adaptive toward technology and more effective in utilizing digital tools. Digital literacy is proven to positively and significantly influence work-life balance, as effective use of digital technology improves work efficiency, reduces workload spillover beyond working hours, and creates greater space for personal life.

Furthermore, digital literacy is proven to mediate the relationship between flexible working arrangement and work-life balance. Work flexibility not only directly improves work-life balance but also indirectly enhances it by strengthening employees' digital competence, which in turn enables more efficient task completion and reduced role conflict. Digital literacy also mediates the relationship between emotional intelligence and work-life balance, as higher emotional intelligence improves digital competence, which then reinforces employees' capacity to manage work and personal roles more effectively. Therefore, hospitality organizations in Bali are encouraged to strengthen flexible work policies, develop structured digital literacy and emotional intelligence training, and integrate work flexibility with digital technology utilization as a comprehensive strategy to improve the well-being and productivity of Generation Z employees.

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